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# South Asian Ethnic Minority Small and Medium Enterprises in the United Kingdom: a review and research agenda

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**Abstract:** It is argued in this paper that: ethnic minority population and their enterprises, predominated by South Asians, are growing faster than their mainstream counterparts in the UK; past research paid more attention to either South Asian ethnic minority SMEs based in and around London only or owned by Indian entrepreneurs only than South Asian ethnic minority SMEs elsewhere in the UK or owned by Pakistani and Bangladeshi entrepreneurs. Further scholarly investigation is needed to explain: the relationship between educational levels and entrepreneurial orientation; and intra-ethnic minority entrepreneurial differences between South Asian ethnic minority entrepreneurs in the UK by expanding the research scope both geographically and contextually.

**Key words:** Small and Medium Enterprises, South Asian Ethnic Minority Entrepreneurship, Ethnic Minority Enterprises, Profile of Asian Businesses, Role of SMEs in Economic Growth

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## 1 Introduction

A universally accepted definition of Small and Medium Enterprises does not exist in the literature. Different scholars, practitioners, policy makers and politicians use the term for private sector enterprises of different sizes. In the UK, for instance, although the government defines an SME as an employer of 0-249 people (DTI, 2006), any firm employing up to 200 people is generally considered an SME (Mukhtar, 1998). The European Union (EU) categorizes businesses as micro, small, medium and large if they employ up to 9, 10-49, 50-249 and over 249 individuals respectively (Günter Verheugen, 2005). In addition, businesses in the EU are called micro, small, medium and large if their turnovers are:  $\leq$  €2 million,  $\leq$  €10 million,  $\leq$  €50 million and  $>$  €50 million respectively. Furthermore, the EU defines micro, small, medium and large companies if their balance sheet totals are  $\leq$  €2 million,  $\leq$  €10 million,  $\leq$  €43 million and  $>$  €43 million respectively.

In the United States a business entity which is profit oriented, is independently owned/operated and which does not monopolize the sector in which it operates is called a small business (SBA, 2013). This definition, however, varies from one sector to another. For

example, in the manufacturing sector a firm employing up to 1500 employees is called an SME whereas in service and retail sectors, SMEs are firms with annual turnover from \$2.5 to \$21.5 and \$5.0 to \$21.0 respectively (SBA, 2013) irrespective of the number of people they employ. The following section sheds some light on the role of SMEs in general and Ethnic Minority SMEs in particular in the UK.

The role SMEs play in the UK economy is vital and it has increased over the years. For example, the number of SMEs in the UK increased from 4.5 million in 2011 to 4.8 million in 2012 and 4.9 million in 2013; the employment they offered increased from 50% in 2011 to 59.1% in 2012 and 59.3% in 2013 of the total private sector employment; and their combined turnover increased from 34.4% (£1500 billion) in 2012 to 48.1% (£1600 billion) in 2013 of the total private sector turnover (FSB, 2013; FSB, 2012; BIS, 2011; BIS, 2012). Research by CIPD (2013) shows that only 11% of smaller organizations (employing fewer than 250 employees) offered zero hour contracts to their employees compare to 25% organizations employing more than 250 employees. While this finding may not be indicative of the positive role of SMEs in the UK economy per se, it indirectly shows the magnitude of employment these organizations offer than larger organizations do. In other words, SMEs in the UK offer relatively more working hours per week to their employees and therefore, contribute relatively more to the UK economy than larger firms. The role of SMEs was highlighted by the HR Magazine (2013) recently as:

*‘SMEs account for 99% of all private sector business and 47% of private sector employment. They represent powerful engines of economic growth, and we all know that growth is needed now more than ever to get our struggling economy back on its feet’.*

Within the SMEs sector, contribution of ethnic minority SMEs in the UK is of particular interest. In addition to contributing £25 to £32 billion each year, they are involved in regeneration of declining sectors, they play a catalyst’s role for transnational business relations and they help new immigrants to integrate into the wider society (Carter et al., 2013; CREME, 2013). Research shows that 10% and 11% small private sector employers are owned by ethnic minority groups in England (Whitehead et al., 2006) and in the UK (Piperopoulos, 2010) respectively. Moreover, ethnic minority businesses in the UK, predominate by South Asian Ethnic Minority (SAEM) SMEs, are more likely to export and are more profitable than their counterparts (Bank of England, 1999). To be specific, 60% of the ethnic SMEs maintained their staffing levels and 21% employed more than the year before, 56% expected to maintain the same level while 25% hoped to employ more people for the years ahead (BIS, 2011). These figures show positive growth of ethnic minority businesses in the UK even during the recent credit crunch which forced many mainstream businesses to shrink or collapse.

While the number of businesses in the UK increased since the start of the twenty-first century, the most noticeable increase occurred in SAEM SMEs. For example, the total number of businesses increased from 3.46 million in 2000 to 4.8 million in 2010 in the UK (Rhodes, 2013). 8% of the 4.8 million businesses belonged to ethnic minorities dominated by South Asians (BIS, 2010), i.e., 46%, 18% and 9% of the total ethnic minority SMEs belonged to Indians, Pakistanis and Bangladeshis respectively. Although SAEM SMEs dominate ethnic minority entrepreneurship in the UK, there are competing views about factors responsible for the entrepreneurial inclination and dominance of this ethnic group. According to culturalist perspective, the high entrepreneurship among South Asians is related to their culture and closer co-ethnic networks which facilitate their entrepreneurial activities in order to be self-sufficient, financially better off and to maintain close community bonding (Basu, 1998; Chaudhry and Crick, 2003; Ibrahim and Galt, 2003; Pio and Dana, 2014).

The structuralist view, however, refutes this argument and claims that higher levels of entrepreneurship among South Asians than other groups in the UK is in fact the result of absence of well paid employment opportunities and the presence of, or fear of, undesirable consequences such as redundancy, unemployment and underemployment (Jones and Ram, 2010; Clark and Drinkwater, 2010; Brah, 1996) due to reasons such as continued discrimination in the job market and lack of necessary skills. Research suggests that such a reality exists even outside the UK as it was found to be the case with ethnic Indian descent immigrants in Christchurch, New Zealand (Pio and Dana, 2014). This argument, whether it is positive pull factors or the negative push factors behind the above-average growth of SAEM SMEs in the UK, provided the first motivation for this paper.

The second motivation for this review comes from the fact that almost all existing research in the ethnic minority SMEs in general and SAEM SMEs in particular in the UK is limited to London and its surrounding areas (Basu, 1998; Dhaliwal and Adcroft, 2005; Wang and Altinay, 2012). Specifically speaking, while it is inarguably important to investigate performance of SAEM SMEs in major metropolitan centres in the UK, it is by no means less important to investigate performance of these enterprises in other less urbanized towns/areas in the country. Unfortunately this has not been the case in ethnic minority entrepreneurship literature so far. Despite the existence of South Asian immigrants, as well as their enterprises, in large numbers in less urbanized areas (such as Yorkshire, Lancashire and Midlands) where they immigrated to in the 1950s and 60s to fill the labour shortage gaps in the then 24 hour operated mills (Lupton et al., 2004; Simpson et al., 2008), there is almost no research to tell us the characteristics and performance of the enterprises owned by this ethnic group. In addition, I argue that important factors such as degree and nature of competition as well as economic and political environmental threats faced by and opportunities available to ethnic minority SMEs in smaller and less urbanized towns in the UK would not necessarily be the same as they are in and around London. It is therefore suggested that identifying factors responsible for the success and/or failure, as well as general characteristics, of these SMEs will increase our understanding about the way they are operated. This in turn might help policy makers and practitioners in formulating government economic policies, making necessary funds available for enterprise development and creating an overall encouraging entrepreneurial environment for these SMEs as well as other small businesses.

By encouraging scholars' attention to this less/under-researched area, this review intends to contribute to ethnic minority entrepreneurial literature by highlighting the importance of cultural, sub-cultural and geographical contextual factors which play a role in the success/failure of these and other similar SMEs in the UK and beyond. Some readers may find some parts of this review descriptive. This is deliberate due to the nature of the topic as this article aims to explain performance of South Asian entrepreneurship in the UK in a historical perspective.

## **2 South Asian Ethnic Minorities in the UK**

The political and cultural relationships between the people of the UK and Indian-subcontinent dates back to the early seventeenth century after the establishment of the East India Company, first as a trading enterprise but later on as a military and administrative force (Knott, 2011). The two-way relationship became possible with the movement of traders, administrators and army personnel from Britain to India and students, intellectuals, politicians, Nawabs, Rajas, merchants as well as sea-farers and nannies (also called Lascars and Ayahs respectively) from the other side (Knott, 2011; Husainy, 2011). Immigration on a large scale to Britain, however, occurred from countries today known as India, Pakistan, Bangladesh, Sri Lanka and Nepal after 1947 partition of Indian-subcontinent (Husainy, 2011). The so called "full employment" and "pull incentives" in the 1950s and 60s in the UK

attracted a large number of immigrants from West Indies followed by India, Pakistan and Bangladesh (Hansen, 2003; Lupton et al., 2004). Most of these immigrants, especially from Pakistan and Bangladesh, went to smaller towns in Yorkshire and Lancashire where there was high demand of labour in the 24-hour-operated mills (Lupton et al., 2004). Initially only men of working capabilities came to fill labour shortages in the post-war booming industry of Britain, their families joined them later on and this is how South Asians settled in Britain (Simpson et al., 2008).

This was followed by another influx of people from African countries of Kenya and Uganda during late 1960s and early 1970s when these countries terminated settlement rights for British passport holders, most of them having Indian origin (Husainy, 2011). These people were brought to the sugar producing British colonies in Africa (such as Kenya, Uganda and Tanzania) by the British imperial colonials from Indian sub-cotenant in the nineteenth century as indentured labourers to fill the labour shortage created due to the abolition of slavery in 1834 (Husainy, 2011; National Archives, 2013). As a result of the British passport holder South Asians' expulsion from the above African countries, 5,000 immigrants came to the UK from Kenya in 1968 followed by 21,000 from Uganda in 1971 (Pearson, 2013). Since then South Asian population in the UK grew steadily.

South Asian population in the UK increased from under 1.5 million in 1991 to over 2 million in 2001 (Ballard, 2004; Pearson, 2013). Overall, South Asian ethnic minority population grew from 0.23% (106,300) in 1961 to 4.00% (2,010,541) in 2001 of the total UK population (Ballard, 2004). Out of the 4% UK population of South Asians, 2.7% were of Indian origin whereas those of Pakistani and Bangladeshi descent were 1.5% and 0.5% respectively (Pearson, 2013). This increase occurred due to a variety of reasons such as immigration mainly because of family re-union, high birth rate and low death rate (Ballard, 2004). During this period the most rapid increase happened among Bangladeshi community (74%), followed by Pakistanis (57%), whereas Indian ethnic minority population increased by 24% (Ballard, 2004). According to 2011 census, South Asians in England and Wales increased from 3.9% in 2001 to 5.3% in 2011 of the total population (ONS, 2012). Specifically, people from Indian, Pakistani and Bangladeshi origins increased from 2%, 1.4% and 0.5% in 2001 (Census, 2001) to 2.5%, 2.0% and 0.8% respectively in 2011 (ONS, 2012) of the total population of England and Wales.

The upward trend in the population of SAEMs in the UK is postulated to continue in the future. Their numbers will increase from 2.569 million in 2006 to 6.059 million in 2031 and 10.001 million in 2056, which is equivalent to 4.24%, 8.54% and 12.81% respectively of the total UK population (Coleman, 2010). Although other groups will also increase in size during this period in the UK, the percentage increase in South Asian ethnic population will be greater than other groups including the overall white British population which is actually expected to decrease from 86.87% in 2006 to 71.56% by 2031 and 56.03% by 2056 as a proportion of the total UK population (cf. Table 1).

**Table 1:** Ethnic minority population forecast in the UK

Ethnic Groups	Population in 2006		Population by 2031		Population by 2056	
	Population	Percentage	Population	Percentage	Population	Percentage
Indian	1,295,000	2.14	3,172,000	4.47	5,318,000	6.81
Pakistanis	924,000	1.53	2,074,000	2.92	3,386,000	4.34
Bangladeshis	350,000	0.58	813,000	1.15	1,297,000	1.66
Black Caribbean	596,000	0.98	737,000	1.04	812,000	1.04
Black African	707,000	1.17	2,093,000	2.95	3,769,000	4.83
Chinese	414,000	0.68	1,177,000	1.66	2,025,000	2.59
White British	52,629,000	86.87	50,763,000	71.56	43,726,000	56.03
Others	3,672,000	6.05	10,107,000	14.25	17,714,000	22.70
Total UK	60,587,000	100	70,936,000	100	78,047,000	100

Source: (Coleman, 2010; Tran, 2010)

These predictions are supported by research of 352 local authorities in England where it was suggested that white British and Irish populations will shrink from 87.1% to 67.1% and 2.5% to 2.1% respectively from 2001 to 2051 (Leeds.ac.uk, 2010). Other white groups will increase from 2.5% in 2001 to 9.9% by 2051 (Tran, 2010), perhaps due the integration of Eastern Europe in the EU. Based on these forecasts, it is deemed worthwhile to investigate factors behind the entrepreneurial spirit and potential of SAEM groups taken into account their culture and other contextual factors.

### 3 Asian Ethnic Minority SMEs in the UK

In spite of a vast amount of data and information being available about SMEs in the UK, specific information - such as the total number of these businesses and their sectoral as well as ethnic breakdown - is almost nonexistent. Part of the problem is that, since most of such data come from national census or large scale surveys in which individuals and organizations provide information voluntarily in the absence of verification mechanisms, it is possible that these individuals may not say about them or their entrepreneurial activities as they are or as they are classified by researchers and policy-makers. For example, it was noted in a survey conducted by the Bradford Chambers of Commerce and Industry that several Asian business owners declined to call their businesses as “Asian Businesses” and insisted they should be called businesses without attaching any labels to them (Cartwright, 2013).

During an extensive email and phone enquiry campaign in the preparation of this profile, it was noted that the Office for National Statistics (Ons.gov.uk., 2013) maintains a number of datasets but unfortunately none of them provide the aforementioned breakdown. After an extensive search online as well as in printed journals/books/reports, a number of potential data sources were found including government agencies, private market research firms, business associations, chambers of commerce and industries, universities and individual academics/researchers. Each source was contacted through email and/or telephone asking them if they were in possession of, and willing to share, the required data or if they were aware of the existence of it elsewhere. Although individuals from many of these sources/institutions replied, mostly through emails and some by telephone, none were in a position to provide the requested data as they stated that they were not aware of the existence of such a dataset. Attention was then directed to the scattered and incomplete facts which were found during the search in various websites, books, reports and academic journals.

Statistics shows that private sector businesses in the UK increased from around 3.460 million in the year 2000 to around 4.8 million in 2010 (Rhodes, 2013), which is an increase of about 40% (cf. Table 2). Out of this, 4.7952 million (99.9%) were SMEs and 0.383616 million (about 8%) belonged to ethnic minorities, out of which 46% belonged to Indians whereas 18% and 9% were owned by Pakistanis and Bangladeshi respectively followed by SMEs owned by African ethnic minorities (i.e., 9%) (BIS, 2010).

**Table 2:** Ethnic Minority SMEs in the UK and ethnicity of their director/partners (in numbers)

Survey	Total private sector enterprises in the UK	Total SMEs in the UK	Ethnic minority SMEs	Ethnicity of directors/partners					
				Indian	Pakistani	Bangladeshi	Caribbean	African	Chinese
<b>2006/7</b>	4,500,000	4,495,500	359,640	161,838	53,946	7,193	7,193	14,386	25,175
<b>2007/8</b>	4,680,000	4,675,320	374,026	164,571	71,065	11,221	37,403	18,701	22,442
<b>2010</b>	4,800,000	4,795,200	383,616	176,463	69,051	34,525	23,017	34,525	15,345
<b>2012</b>	4,799,400	4,794,601	335,622	83,906	57,056	3,356	20,137	20,137	30,206

*Source: (BIS, 2010; BIS, 2011; Rhodes, 2013)*

Although the number of SAEM SMEs in the UK represents a major part of the total ethnic minority owned SMEs from 2006 to 2012, their numbers dropped quite substantially in 2012 compare to the previous two years. During this period, however, SMEs owned by Pakistanis remained relatively high but those owned by Indians and Bangladeshis have rapidly dropped. The less fluctuation in the number of Pakistani as well as the quantitative decrease in Indian SMEs confirm past research (Jones and Ram, 2003; Jones et al., 2012; Clark and Drinkwater, 2010) as most Indians switched from necessity-driven self employment to opportunity-driven paid employment once they were attracted towards better paid employment because of their relatively higher levels of education, knowledge, skills and abilities. Factors responsible for the drop of Bangladeshi SMEs remain unexplained as no research exists to explicate it and any further explanation of this particular phenomenon is out of the remit of this review.

In addition, statistics (Nomis, 2013) also shows that overall quantitative presence of SAEM businesses in the UK is growing faster than all other groups (cf. Table 3). To be precise, excluding indigenous White community in the UK, there are more Indians self-employed in all nine regions in England with the exception of Yorkshire and The Humberside where Pakistani self employment is 5.11% which is significantly higher than all other ethnic groups. In case of West Midlands, differences in self employment between Indians and Pakistanis is not great - 4.44% Indians versus 4.34% Pakistanis (Nomis, 2013). Overall, there are more Indians and Pakistanis self-employed (2.66% and 2.08% respectively) than all other ethnic minority groups with the exception of Wales where there are almost as many Chinese self-employed as Indians (0.68% and 0.69% respectively) followed by Pakistanis (0.62%) (Nomis, 2013). The picture of SAEM entrepreneurship is actually more visible and clearer in Yorkshire and Lancashire than any other parts of the UK.

**Table 3:** Self-employed individuals of Ethnic groups of age 16 and over in England and Wales

Ethnic Group	Total Self-employed	Percentage of total
White: English/Welsh/Scottish/Northern Irish/British	3,254,197	80.46
White: Irish	45,866	1.13
White: Gypsy or Irish Travelers	4,685	0.12
White: Other White	269,618	6.67
Mixed/multiple ethnic group: White and Black Caribbean	14,114	0.35
Mixed/multiple ethnic group: White and Black African	6,162	0.15
Mixed/multiple ethnic group: White and Asian	15,155	0.37
Mixed/multiple ethnic group: Other Mixed	14,666	0.36
<b>Asian/Asian British: Indian</b>	<b>107,487</b>	<b>2.66</b>
<b>Asian/Asian British: Pakistani</b>	<b>84,145</b>	<b>2.08</b>
<b>Asian/Asian British: Bangladeshi</b>	<b>20,154</b>	<b>0.50</b>
Asian/Asian British: Chinese	31,863	0.79
Asian/Asian British: Other Asian	53,157	1.31
Black/African/Caribbean/Black British: African	42,625	1.05
Black/African/Caribbean/Black British: Caribbean	29,972	0.74
Black/African/Caribbean/Black British: Other Black	10,867	0.27
Other ethnic group: Arab	12,079	0.30
Other ethnic group: Any other ethnic group	27,501	0.68
<b>Total</b>	<b>4,044,313</b>	<b>100.00</b>

*Source: Nomisweb.co.uk with the help of Cartwright (2013) and Clayton (2013)*

For example, within selected towns of Yorkshire and Lancashire, self employment among Pakistanis is highest in Bradford (22.09%), Leeds (4.64%), Calderdale (6.15%), Kirklees (11.45%), Sheffield (6.10%), Rotherham (5.54%), Manchester (13.97%), Oldham (13.70%), Rochdale (14.42%) and Blackburn (14.97%). Self employment among Indians is highest only in Preston (11.72%); whereas white minorities preponderate self employment in Salford (6.76%), Hull (4.08%), Lancaster (2.42%) and Doncaster (2.27%) (Nomis, 2013). Overall, self employment among Pakistani descent people in these towns is 9.06% followed by Indians and other Whites (2.95% and 2.94% respectively), excluding the main White community which is 77%. The information presented in Tables 2 and 3 and the interpretation offered here is expected to provide useful insights for policy makers, entrepreneurs, novice researchers and experienced scholars in promoting the creation and development of these and other similar SMEs as well as in advancing this line of scholarship. However, future research should consider contextual factors including relevant population density when selecting certain geographic areas for a particular scholarly investigation as these SMEs tend to flourish in areas where there is relatively high density of their co-ethnic groups.

### 3.1 Motivation to Business

Various researchers have classified entry to business of ethnic minority entrepreneurs using a wide range of ideas and terminologies, though many of them are either similar or same in conceptual sense or in reality. For example Piperopoulos (2010) has found four approaches on which ethnic enterprises are based. These are (1) the cultural thesis; (2) the block mobility thesis; (3) the opportunity structures thesis; and (4) the ethnic resources thesis. Basu (2004) also has identified four types of entrepreneurs. They are (1) Business-first entrepreneurs; (2) Family-first entrepreneurs; (3) Money-first entrepreneurs; and (4) Lifestyle-first entrepreneurs. Similarly, Dana et al. (2009) identified two main factors why ethnic



community members become entrepreneurs in their host countries. These are (1) opportunity seeking; and (2) reactive. Likewise, other researchers (Dhaliwal and Adcroft, 2005; Lassalle, 2008; Wang and Altinay, 2012; Jones and Ram, 2003) have identified two overarching concepts as the main motivation factors for start ups, as well as continuation, of small businesses, including ethnic minority enterprises. These overarching theoretical standings are referred to as culturalist and structuralist viewpoints.

Explanation of all the classifications or viewpoints, as mentioned above, is not in the remit of this paper. However, the last two broad theatrical viewpoints shed more, and more clearly, light on why these businesses, specifically ethnic minority enterprises, come to existence in the first place, as well as why do they continue. In addition, these two theoretical viewpoints encompass, more or less, all other classifications mentioned above. Therefore, based on the relevant literature of ethnic minority, family and small businesses, this paper elaborates these two viewpoints below.

### ***3.1.1 Culturalist viewpoint***

Within the broad spectrum of the culturalist viewpoint, it is argued that some people recognize existence of business opportunities (Welbourne and Pardo-del-Val, 2009; Piperopoulos, 2010) thereby they expect higher returns from being self-employed or starting a business of their own than the wages they can receive from being in paid employment. Others might be attracted towards entrepreneurship because of non-for-profit motives and self-esteem such as the desire for conquering new markets and or earning fame through business success in a new venture or filling a gap in the market which could be beneficial for consumers (Basu, 1998; Dana et al., 2009). Research shows that other reasons ethnic minority members become entrepreneurs, including South Asians in the UK, are to keep their family members together and in employment through a coordinated family strategy, to be successful in life and to gain social status in their community (McPherson, 2010; Dyer and Handler, 1994; Clark and Drinkwater, 2010; Hamilton et al., 2008; Pio and Dana, 2014).

In addition to opportunity seeking (Dana et al., 2009), cultural dimensions play a significant role for business entry in some South Asian ethnic groups. For instance, some of these ethnic groups believe in self-sufficiency and see entrepreneurship as a means to achieve that goal (Basu, 1998). Such groups have close and strong family and community structures and networks which facilitate their entrepreneurial activities by making available free advice from experienced and resourceful family and community members as well as making informal (mostly interest free) financial resources available for business start-ups (Basu, 1998). Another example in this respect is the entrepreneurs who find themselves engaged in trading cultural and religious artifacts as they want to continue practicing, as well as promoting, their cultural and religious values in their host country, including the UK.

In summary, the culturalist viewpoint is based on a number of positive factors, which motivate individuals towards self-employment. These factors include, but not limited to, socially acceptable or appreciated enterprises, desire for greater independence and keeping rewards of one's efforts to themselves or to their families, (re)claiming self-esteem, or status in the community, and the availability of resources such as finance and technical expertise.

### ***3.1.2 Structuralist viewpoint***

The structuralist viewpoint, also called reactive viewpoint, is underpinned on the belief that self employment is the only alternative available for ethnic minorities who find themselves disadvantaged in the mainstream labour market because of structural barriers, such as racial discrimination, language and other skill shortages or inappropriate skill sets (Wang and Altinay, 2012; Jones and Ram, 2003; Dennis, 1996; Basu, 1998; Sanders and Nee, 1996; Dana et al., 2009; Rezaei et al., 2013). This argument eventually leads one to believe that

there are two negative reasons of business entry for ethnic minority entrepreneurs including in the UK: first, they experience discrimination in the labour market due to their English language difficulties which makes paid employment less likely or less attractive for them; and second, because illegal immigrants avoid detection more easily by working for themselves than being in paid employment.

The later reason is elaborated by Rezaei et al. (2013) in case of Belgium where a thriving underground economy exists due to various reasons such as surplus of labour, low cost for employers for undeclared employees, employing illegal residents for casual, and in some cases even regular, work under no obligations of employment contracts. Those who agree with this argument (e.g., Pio and Dana, 2014; Basu, 1998; Hamilton et al., 2008) tend to believe that ethnic minorities are pushed towards self employment due to the fact that their foreign earned human capital (qualifications, skills and experiences) is not considered as valuable as locally earned human capital, therefore, discriminating them in the labour market.

Jones and Ram (2003) shed further light on this unfavorable structural issue. They argue that since the start of disemployment of low-level manual workers in the 1970s in the UK, immigrants from South Asia were affected more than their white counterparts because most of them were previously doing low-level manual work. Part of the problem was perhaps the prevailing racial favoritism of white workers against ethnic minority workers including immigrants from South Asia. These unemployed immigrants were left with no viable alternative other than being self-employed. In their time series statistical analysis from 1979-83, Jones and Ram (2003) found that self-employed among Pakistani and Bangladeshi ethnic minorities in the UK were almost double than that of their white counterparts. A similar conclusion was drawn by Blanchflower (2004) as he argued that ethnic minority immigrants are more likely to start their own businesses compare to indigenous population mainly because of negative discrimination against them.

In summary, the structuralist view, which holds push factors, also called negative factors, responsible to push people away from paid employment to self employment mainly to survive or to avoid potentially undesirable outcomes of an event or change such as unemployment and/or underemployment.

To sum up the debate on why ethnic immigrants become entrepreneurs, especially South Asian in the UK, it can be argued that whatever historical reasons for South Asian entrepreneurialism in the UK existed in the past, it has become a successful phenomenon and has been leading the way in ethnic entrepreneurship in the UK for some time now. As a fact, majority of South Asian entrepreneurs in the past were not pushed to self employment as the only reason to avoid unemployment or to survive. Although discrimination played a significant role to business entry, empirical evidence suggests that a staggering 98% of Asian business owners in Britain started their own businesses to be better off financially, only 15% started their own businesses because of redundancy and 17% entered into self employment as they could not find salaried work (Basu, 1998). This line of argument is supported by Sanders and Nee (1996) as they believe that although ethnic minority entrepreneurs put long hours in their business and earn less per hour wages than those who are employed in the short term, they enjoy substantial business profits in the long term as small businesses often become profitable quickly and such profits are not available for those in paid employment.

A similar conclusion was reached by Dana et al. (2009) as they found that 38.3% of Singaporean entrepreneurs became exporters due to positive pull factors, compared to 31.9% due to negative factors in the local market. Similarly, Piperopoulos (2010) has found that the highest proportion of ethnic entrepreneurs in Greece had the aim to accumulate family wealth through their enterprises (79.33%), followed by business survival and growth (72.65%), financial independence of the firm (68.23%) and enhancement of their social status in the community (67.73%). Therefore, this review argues that South Asian entrepreneurship in the

UK is the result of a deliberate and well considered choice which is not challenge-free but generally pays off more in the long term than one can achieve from paid employment. Having said that, ethnic entrepreneurship research should consider the following factors in furthering this line of enquiry as they are subject to variations with respect to time and space and can affect entrepreneurial success: local, regional and national contextual factors; personal characteristics of the entrepreneurs; and availability of co-ethnic groups, products, suppliers and buyers determining the intensity of competition. In other words, the degree and nature of success of ethnic minority SMEs in one sector or geographic area will be different from another depending on many factors including personal stock of human capital of owners/managers, general economic and political environment, demand for co-ethnic products and level of societal diversification and cohesiveness.

### **3.2 Historical Success**

Most immigrants who came to the UK from South Asia either as refugees or labourers did not have any substantial amount of money and many in fact were penniless (Basu, 1998). They, however, had a spirit to be successful in a foreign land where finance and language were not the only problems, availability of reasonably well-paid blue-collar jobs for those who were educated in their countries of origin were almost nonexistent (Basu, 1998). By the end of 1980s, these immigrants saw themselves owning around one third of the independent retail outlets in the UK market place, mostly in the form of corner and off-license shops (Jones and Ram, 2003; Basu, 1998). This was a clear indication of the entrepreneurial nature of some members of this ethnic group in terms of risk-taking propensity and forward-looking long term planning.

Subsequently, South Asian entrepreneurial success was noticed by society and as a result they received achievement certificates and medals in the 1980s and 90s from notable individuals from within the UK (Jones and Ram, 2003) which further boosted their entrepreneurial drive. By early 1990s, the number of Asian employers was almost twice than their white counterparts (7.21% and 3.89% respectively) in the SME sector which was seen as a significant positive impact on British economy (Jones and Ram, 2003; Basu, 1998). The trend of South Asian SMEs success continued through the early 1990s when almost all small businesses saw a slow growth in the UK. This period even witnessed a decline in all OECD countries except the UK and New Zealand (Blanchflower, 2004). Nevertheless, South Asians in the UK managed to maintain their superiority in self employment in the presence of favoring conditions such as increasing trend of subcontracting in the manufacturing industry and the expansion of eating-out lifestyle changes among masses with a preference to South Asian traditional cuisine (Jones and Ram, 2003).

In terms of specific business activities, Asian takeaway shops have historically been growing faster than other sectors. Their number increased from around 1,000 in the 1970s to around 8,300 in 1998 and their combined gross turnover was £1.73 billion in 1999 (Jones and Ram, 2003). Nevertheless, the boom of takeaway businesses resulted in overcrowding (Jones and Ram, 2003) and the intensive competition among them is potentially making this sector unsustainable. In addition, the availability of Asian cuisines to be purchased from supermarkets at reasonable prices and consumed at-home also put a question mark on the sustainability of Asian takeaway businesses in the UK. Other sectors such as retailing and wholesaling of garments and accessories and off license cum news agents have been favorite business activities for South Asians in the UK.

Although there is a clear evidence of SAEM entrepreneurial above-average success in the UK, there are conflicting arguments in terms of the main factors behind this success. On the one hand, some scholars (e.g., Hamilton et al., 2008; Ibrahim and Galt, 2003; Jones and Ram, 2003) tend to believe that closer ties between family and community members provide

necessary ingredients for entrepreneurial motivation and success of these small businesses. On the other hand, other scholars (e.g., Clark and Drinkwater, 2010; Brah, 1996) seem to argue that the so called entrepreneurial spirit among South Asians in the UK does not always exist. They believe that the establishment of most of these enterprises is historically the result of unfavorable situations such as of lack of employment opportunities, under-employment or redundancy due to persistent discrimination in the job market because of lack of language and other necessary skills or other implicit race factors.

However, when these opposing arguments are weighed in the light of existing evidence, one does not fail to notice that Clark and Drinkwater as well as Brah have focused more on the negative aspects of both business start ups and success of these businesses. Moreover, as research shows (Hamilton et al., 2008; Sanders and Nee, 1996), strong interpersonal relations between families, relatives and the wider community members, as well as the collective interests, of immigrant ethnic minorities allow them to combine their financial, human and other resources for the overall betterment of all. It is due to the strong cultural bonding among immigrant minorities that majority of South Asian entrepreneurs in the UK chose to be self-employed due to possible positive outcomes such as financial prosperity, personal independence, keeping families together etc. as discussed earlier in this paper.

In short, while past research has found that ethnic minorities in the UK are discriminated in the job market as well as by banks and other financial institutions (Blanchflower, 2004; Basu, 1998; Jones and Ram, 2010) which leads some people to self employment, the vast majority of SAEM SMEs in the UK are not the results of discrimination (Basu, 1998; McPherson, 2010).

### ***3.2.1 Education and Entrepreneurial Success***

There are variations in entrepreneurial preferences and attitudes among small business owners in the UK with South Asian background. For example, Bangladeshi entrepreneurs are predominantly in the catering and restaurant sectors; Pakistanis have expertise in retail clothing, garments, footwear and other accessories; whereas Indians tend to focus on larger and faster-growing and higher yielding businesses such as finance, IT and insurance industries (Jones and Ram, 2003).

As it is perceived that Indians are equipped with more and better formal educational qualifications than their Pakistani and Bangladeshi counterparts, they should theoretically be more successful entrepreneurs than Pakistanis and Bangladeshis. However, since late 1980s self employment ratio among Indians gradually decreased partly due to the increased employment opportunities that enabled them to earn decent returns without committing themselves to low-paid long hours of work and personal financial risks (Jones and Ram, 2003). This argument is in line with Blanchflower (2004) as he found in his survey of 74 countries that more educated people in OECD member countries of Europe are less likely to be self-employed because they perceive to be better off in paid employment for financial gains than in self-employment. His survey, however, shows that this relationship is positive in the US - higher the formal qualifications higher the probability of starting own business and staying self-employed. His work, as well as that of Hamilton et al.'s (2008) show that self-employed people find their work stressful, feel exhausted and lose sleep because of constant fear of business failure.

With respect to South Asian ethnic minority entrepreneurship in the UK, the above argument is also in consonance with Clark and Drinkwater (2010). Using data from 1991 and 2001 UK Census as well as from the Quarterly Labour Force Survey 2003-2006, they found that rates of self employment have fallen among Indian males by 2.3% (decreased from 23.7% to 21.4%) since 1990s. They, however, discovered that self employment rates for

Pakistani men were highest (31.1% in 2003-2006) among eight ethnic groups (White, Black Caribbean, Black African, Indian, Pakistani, Bangladeshi, Chinese, Other) during the same period. These variations were attributed to the following two factors: (1) demographic changes - those who were born in the UK from immigrant parents do not face the same or similar level of discrimination in labour market as their parents did/do because of their UK-specific qualifications and skills; and (2) higher/better levels of qualifications - participation rates of the British-born Indians in post-compulsory education is far greater than Pakistanis and Bangladeshis. Nevertheless, there was no pattern found for self-employed Bangladeshi males i.e., the trend was mixed and not significant as their self employment rate increased from 18.8% in 1991 to 19.1% in 2001, then decreased to 15.7% during 2003-6. As far as female self employment is concerned, the trend narrowed overall for all three ethnic groups. In addition to formal qualifications, language skills appear to have a direct positive relationship with the availability of employment opportunities. For example, data from 1996-98 show that one in three Indians were using English as their main language; whereas these facts for Pakistanis and Bangladeshis were only less than one-quarter and one in ten individuals respectively (Jones and Ram, 2003). These facts were even worse for women, since as many as one in three Bangladeshi women were unable to communicate in English (Jones and Ram, 2003; Clark and Drinkwater, 2000).

In contrast to the above argument, i.e., more and better education pushes people away from self employment and pulls towards paid employment, Altinay and Altinay (2008) found that the level of formal education plays a significant positive role in entrepreneurial success and enterprise growth in ethnic minority SMEs. Their results imply that high levels of formal education, irrespective of where it was achieved, coupled with appropriate language skills positively influence entrepreneurial success and growth. Specifically, formal qualifications affect language skills, which in turn results in entrepreneurial success as highly qualified entrepreneurs are likely to communicate more effectively and meaningfully with stakeholders such as; bankers, suppliers, customers, policy makers and community members; thereby increasing their chances of success than less qualified counterparts. Their results are in line with the premise of human capital theory which postulates that: education levels positively affect individual as well as firm performance (Barney, 1991; Mahsud et al., 2011; Hatch and Dyer, 2004); and more educated entrepreneurs emphasize more on education and training for their employees (Rauch et al., 2005; Unger et al., 2011) which creates a process of continuous organizational learning leading the firm to achieve and sustain competitive advantage.

While these findings provide some useful insights, they do not present the full picture. Firstly, past research has confined its focus on Greater London and its surroundings only and secondly, scholars provided a generic picture of South Asian entrepreneurship without taking into account specific contexts. This is perhaps why scholars found more robust results for some communities, such as Indians, but could not discover generalizable results for others, such as Bangladeshis. In addition, while past research has showed that language and other skills are positively related to both employment opportunities and entrepreneurial success, there seems to be no generalizable results whether education is more related to paid employment or self employment among South Asians in the UK (McPherson, 2010; Jones et al., 2012). In other words, previous research suggests that more educated Indians in the UK prefer paid employment whereas more educated Pakistanis have traditionally focused on self employment, especially in case of family businesses. Therefore, future research is encouraged to take into account business settings in different geographic locations in the UK, such as the North of England where Pakistanis and Bangladeshis are living in larger numbers (Lupton et al., 2004) than many other parts of the UK. This type of proposed future research may

produce different results than what we already know and may increase our understanding of the entrepreneurial orientation of South Asians in the UK.

### **3.3 Quantitative Decline**

Those who are sceptical of South Asian business growth as an always upward trend argue that successful fast-growing South Asian enterprises in the UK are not representative samples as such because unemployment, underemployment and outright poverty are still common facts within this community in the UK (Brah, 1996). Historically and traditionally, small Asian businesses in the UK typically concentrated on clothing and foodstuff shops (mostly Pakistanis); foodstuff corners shops plus off-license and newsagents (mostly Indians) and restaurants/take-away shops (mostly Bangladeshis). After 1990s, many of these micro-level businesses struggled for survival because a large portion of their market share was taken away from them by the rapidly expanding large super markets such as Tesco, ASDA, Sainsbury, Morrison and the Co-operative Group (Jones and Ram, 2003). By 1998, 78% of the national foodstuff sales went through the tills of the above five large super markets, their combined annual turnover increased from £43 million in 1998 to £132 million in 2011 and they employed nearly 700,000 individuals (Retail Economics, 2011). The introduction of forecourt retailers in the motorway service stations as well as in petrol stations made success of these small shops further difficult and caused their quantitative decline (Jones and Ram, 2003). Moreover, the repeal of the 1950 Shops Act in 1994, which allowed all shops including large supermarkets to operate on Sundays and 24 hours a day during weekdays further marginalized Asian small shops as they used to take advantage of the loosely-policed act prior to 1994 by keeping their shops open for long hours throughout the week (Jones and Ram, 2003).

On the face of this quantitative decline, it might seem a failure of SAEM SMEs in the UK. However, the decrease in Asian self employment was not a result of failure of their businesses, it was rather a result of a shift from self employment to paid employment as well as from low value added enterprises to high yielding entrepreneurship (Jones and Ram, 2003). In other words, some of the British-born South Asian entrepreneurs switched from low-value generation businesses, such as corner shops and off-license newsagents, to high-return businesses, such IT and insurance sectors (McPherson, 2010; Jones et al., 2012; Dhaliwal and Adcroft, 2005). In summary, it will be incorrect to conclude the quantitative decline of SAEM SMEs in the UK as a failure because many of these entrepreneurs switched to either better paid employment or higher-yielding entrepreneurship. Further theorizing and empirical investigation will help us to understand whether or not that is the case.

### **3.4 Recent Trends**

In addition to widening their opportunities in employment as well as in high value added enterprises, second-generation (or born in the UK) entrepreneurs of South Asian descent influence the way immigrant founders are running their businesses in the UK. For example, McPherson (2010) noted that second-generation entrepreneurs of Asian origin in the UK are considering protection of rights of employees and employee development as well as creating a more open boss-worker relationship as important issues for their small business success. Furthermore, he argues that second-generation entrepreneurs in family-owned businesses seem to be fully involved in developing infrastructure including firm-specific human capital through continuous in-house staff training as well as staff retention in order to meet changing demands of customers, minimize loss of trained staff and increase business efficiency. This is a positive development and could have been a reason behind persistently successful entrepreneurship among Pakistani ethnic minority as this ethnic group tends to have stronger family and community ties based on their religious and cultural values.

Contrary to British-born Pakistanis, their Indian counterparts exhibited a different attitude towards self-employment. For instance, Jones and Ram (2003) as well as Jones et al. (2012) believe that the decrease of self employment among British Indians continues primarily due to their preference for better paid employment over long hours of self employment with low earnings per hour. They, as well as Clark and Drinkwater (2010), held two fundamental factors responsible for this change, i.e., demographic changes and level of qualifications, as discussed earlier. Future research will be needed to investigate these intra-ethnic differences and their potential impact on entrepreneurial orientation and success.

Stressing specifically on the Indian ethnic minorities in the UK, past research has revealed that around half of the total British Indians are British-born (Jones et al., 2012) who have acquired higher levels of human capital than other groups including their native white counterparts. A comparison of Indian British community in the UK versus native white community in terms of educational achievements is given in table 4.

Table 4: Self employment among Indians and native white communities in the UK

Percentage self - employment			Percentage Level of Qualifications in 2006			Percentage of England domiciled accepted applicants for full time undergraduate courses in 2007 from low socio-economic groups, 4-7	
Years	Indian	White	Levels	Indian	White	Indian	White
1979-83	13.8	8.8	Level 4-6	24.0	22.0	43.0	30.0
1989-91	20.2	13.0	Level 7-8	9.0	6.0		
1993	18.0	13.0	Level 4-8	23.0	28.0		
1994/5	16.0	13.0					
1995/6	14.0	12.0					
2007	8.0	9.0					

Source: Jones et al. (2012)

Although self employment went up in both communities since 1979 in general it remained unchanged among white self-employed workers at 13% from 1989-91 to 1994/5, whereas it went up from 13.8% in 1979-83 to its peak in 1989-91 (20.2%) among Indians. On the one hand, self employment decreased among both communities from 1993 onwards, although the decrease among Indians happened more rapid than their mainstream White counterparts by 2007. On the other hand, Indians outperformed their White counterparts in education participation (43% compared to 30%), especially in higher education in the low socio-economic group. This change caused an upward mobility of British Indians as the number of salaried white-collar workers among Indian ethnic minority community in the UK increased from 25.89% (men) and 17.88% (women) in 1972-82 to 36.95% (men) and 29.24% (women) in 1994-2004 in the occupational class-wise total employment in Britain (Jones et al., 2012). Salaried employment among white professionals during this period shows a similar increase except for women, which increased from 16.79% in 1972-82 to 33.9% in 1994-2004, which is a bigger increase compared with Indian women during the same period. Furthermore, employment among Indian men in intermediate work increased from 20.44% to 26.01% whereas it decreased from 53.37% to 37.4% in the low skilled labour work during the above period. In summary, the above figures suggest that Indian British community has not faced crises as their self employment decreased since early 1990s; they rather widened their opportunities elsewhere by achieving higher levels of formal education. This is yet another

reason to believe that the apparent quantitative decline of SAEM SME numbers in the UK does not necessarily mean a failure.

While empirical evidence suggests that Indian ethnic minority in the UK has widened its opportunities mainly through higher levels of human capital (Jones and Ram, 2003; Jones et al., 2012; Carter et al., 2013), such evidence is not present for Pakistanis and Bangladeshis. This difference could have been caused due to the fact that Indian entrepreneurs attracted more attention from scholars than Pakistani and Bangladeshi minorities did. Moreover, although some evidence suggests that Pakistanis are still keen in family-owned businesses, there is no evidence at all with respect to Bangladeshi ethnic minorities as to why their enterprises decreased recently. Future research is needed to shed light on the entrepreneurial orientation of Pakistani and Bangladeshi ethnic minorities in the UK. In particular, the entrepreneurial orientation and spirit among these groups cannot be, and should not be, ignored since they predominate ethnic minorities in some major population centres in the UK (such as Yorkshire, Lancashire, Midlands and East London, also called “The Asian Corridor”) (South Asian Development Partnership, 2014).

## **4 Discussion**

It is noted in this review that SMEs are playing an increasingly important role in the growth of UK economy. Notably, at least 99% of all private sector firms in the UK are SMEs, 47% turnover from private sector comes from SMEs and they offer half of private sector employment. Ethnic entrepreneurs played an important role in the UK economy over the years. For example, 10% small businesses employing people in England are owned by ethnic minority groups, they are more profitable than other SMEs and more likely to export. Moreover, research indicates that ethnic minority SMEs in general and South Asian Ethnic Minority SMEs in particular are outperforming their mainstream counterparts. Furthermore, while most large businesses suffered financial losses during the last business downturn, this loss has been relatively low among SMEs owned by South Asian Ethnic Minorities (Rhodes, 2013; BIS, 2010). The above-average performance of SAEM SMEs in the UK necessitates further scholarly investigation in a number of areas.

Firstly, while keeping the historical perspective in mind, it has been noted that in parallel with greater relative increase in the population of South Asians than other ethnic groups in the UK, their entrepreneurial base and role increased accordingly. This trend seems to continue for the foreseeable future. However, although South Asians seem to be more entrepreneurial than their counterparts as they quickly seize opportunities and adopt their entrepreneurial orientation accordingly, some of them tend to focus on short term gains at the cost of long term sustainable success, like the curry house boom. No prior research has examined this phenomenon as being a general entrepreneurial behaviour among South Asians in the UK or being related to a specific sub-group or a particular sector. In fact, all prior research has focused in and around London ignoring South Asian entrepreneurial activity elsewhere in the UK. While Chaudhry and Crick (2003) did conduct in-depth interviews of 20 South Asian origin retailers, their overall focus remained to Midlands and London only, which cannot be a representative sample of SAEM SMEs in the UK. Future empirical investigation is required to expand its scope geographically and contextually in order to justify or nullify this particular hypothetical comprehension in order to increase our understanding about entrepreneurial orientation of the ever increasing entrepreneurs from South Asian ancestry in the UK.

Secondly, as statistics (BIS, 2009; BIS, 2011; BIS, 2013) shows that the profitability and survival rates in SAEM SMEs are higher and more stable than all other SMEs, there is little empirical evidence available identifying the main factors behind these above-average entrepreneurial achievements. Although Chaudhry and Crick (2003) concluded that internal



organizational practices are positively related to firm performance in these SMEs, it is not generalizable because they focused on marketing and promotional practices only and did not investigate other organizational practices such as decision-making, leadership issues and human resources management (HRM). Since research shows that human capital, in the form of education, causes above-average firm performance in large organizations (Barney, 1991; Ahuja and Katila, 2004; Ployhart and Moliterno, 2011; Ployhart et al., 2014; Danes et al., 2009), such evidence does not exist in small firms in general and ethnic minority SMEs in particular. Therefore, research is required to investigate to what extent success and survival is determined by education possessed by entrepreneurs and workers in SAEM SMEs in the UK.

Thirdly, it is suggested that second generation, or British-born, SAEM individuals have advantage in both paid employment and self employment over foreign-born or first generation immigrants. This difference is attributed to language and other skills as these abilities are supposedly deficient or poorer among immigrant entrepreneurs than their UK-born counterparts. In other words, such differences result in unfavorable discrimination in the job market and by UK banks and other institutions against immigrants or first generation entrepreneurs. Researchers in this area, however, have focused more on Indian origin entrepreneurs than other South Asians including Pakistanis and Bangladeshis. In particular, researchers have been able to establish a trend in Indian ethnic minority, i.e., Indians persistently moved away from self employment towards paid employment after their self employment peaked in 1970s and 80s. This shift is believed to have occurred because Indians attracted better paid employment fundamentally due to their high levels of academic qualifications. Self employment among Pakistanis, however, remained high supposedly because they could not attract paid employment as well as Indians did. This does not tell us the full story, because scholars believe that second generation Pakistanis tend to engage in self employment, specifically in family businesses, where they not only manage businesses in a better way but also influence founders' behaviour towards business management. It seems they are able to do so due to the accumulation of high levels of education and skills, yet apparently they do not attract well-paid employment in the same or similar ways their Indian counterparts do. Moreover, there is no research to suggest whether British-born Bangladeshis prefer self employment or paid employment. Research is also silent on the issue as to why Bangladeshi ethnic minority SMEs decreased substantially during 2010-2012 (cf. Table 2). Future research will be required to investigate the entrepreneurial orientation and success of Pakistani and Bangladeshi ethnic groups with the same emphasis as that of Indians to establish if there are any intra-ethnic differences or heterogeneous factors exist among them which make them behave differently from each other. Moreover, research may be needed to investigate if there are other factors, other than education and skill levels, within these co-ethnic groups which are responsible for their performance both in employment and self employment.

Fourthly and finally, most scholars highlighted that South Asian ethnic minorities are systematically discriminated in the job market and by financial institutions in the UK. Future research may investigate the impact of the persistent discrimination against this ethnic group, which might help policy makers to formulate investment and business support policies accordingly to encourage growth and development of these and other similar SMEs.

## **5 Summary**

This review article contributes to the existing literatures of Small and Ethnic Minority Enterprises by highlighting role of SMEs owned by South Asian Ethnic Minorities (SAEMs) in the UK. The article offers a unique profile of these SMEs by explaining their historical above-average success, their South Asian ethnic minority small and medium enterprises in

the UK 19 speculative decline as well as current trends and future prospects. In addition, this review has underscored a number of under-researched areas related to South Asian entrepreneurship in the UK. For example, while there are intra-ethnic minority entrepreneurial differences, scholars have partially explained these differences mainly by focusing in and around London region only. Moreover, it has been widely argued that second generation Indians increasingly preferred paid employment over self-employment since 1990s, their Pakistani counterparts paid particular attention towards family-owned firms and have been trying to enhance business performance by focusing on operational issues and infrastructure improvement including human capital base. Scholarly literature has not convincingly explained the underlying reasons responsible for the existence of these differences between these sub-ethnic groups. Furthermore, research does not exist to explicate entrepreneurial orientation of British-born Bangladeshis in the UK. Their SMEs substantially declined recently yet research does not offer any explanation for this change. Finally, this article encourages future research to investigate the impact of internal organisational practices on firm performance as this type of evidence is abundantly present in large firms but not in small firms in general and South Asian SMEs in the UK in particular. This review provides important implications for policy makers, scholars and practitioners in terms of persistent discrimination against SAEMs in the UK. Further theorising and empirical enquiry into these matters may help scholars, practitioners and policy-makers to understand the dynamics of ethnic minority entrepreneurship and formulate policies accordingly in order to promote entrepreneurship in the UK and beyond.

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